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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/910,376	07/20/2001	Ethan Rappaport	34582-152456	2231

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EXAMINER
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JANVIER, JEAN D

ART UNIT	PAPER NUMBER
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3622

DATE MAILED: 01/04/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/910,376

Applicant(s)

RAPPAPORT ET AL.

Examiner

Jean Janvier

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**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☐ Responsive to communication(s) filed on \_\_\_\_.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-46 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-46 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- |   |   |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. ____. |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)  | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date <u>08/20/2002</u> . | 6) <input type="checkbox"/> Other: ____.  |

## **DETAILED ACTION**

### **Specification**

The abstract of the disclosure is objected to for being too long (i. e. exceeding 15 lines or 150 words). See 37 CFR 1.72.

### **Status of the claims**

Claims 1-46 are currently pending in the Application.

### **General Comments**

### **Claim Objections**

Claim 38 is objected to because of the following informalities:

Concerning claim 38, line 2, "...a instrument..." should apparently be --...an instrument....--.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 3, 4, 19, 20 (including their dependent claims) are rejected under 35 U.S.C. 112, second paragraph as being ambiguous and confusing. In fact, the claims respectively recite “.... wherein the step of providing the customer with an instrument comprises providing the customer **with a three dimensional consumer good capable of storing data for later retrieval**” and “.... wherein the step of providing the customer with an instrument comprises providing the customer **with a three dimensional consumer good capable of storing data for later retrieval, the consumer good capable of activating a second consumer**”. Here, the underlined portions render the claims confusing. The “consumer good” will be interpreted as being a type of instrument capable of storing three-dimensional data (or any data). Having said that, however, important elements are missing from the claims to thereby show how the three-dimensional data are recorded into the instrument unless they are recorded in a conventional manner similar to regular data as herein understood. Further, important elements are omitted from claims 4 and 20 to show how one instrument is capable of activating another or a second instrument.

Claims 9, 15, 31, 33, 34 and 43 (including their dependent claims) are rejected under 35 USC 112, second paragraph as being indefinite for including the auxiliary verb “may”.

Claim 29 (including its dependent claims) is rejected under 35 USC 112, second paragraph as being indefinite for including the auxiliary verb “can”.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1-46 are rejected under 35 U.S.C. 102(b) as being anticipated by Biorge, US Patent 5, 806, 045A.

As per claims 1-46, Biorge teaches a system for providing incentive credits (points) to a user or customer participating in one or more promotion programs via a handheld or portable device (smart card or instrument) 74 for every qualifying transaction conducted at a participating retailer or provider (merchant) having a provider device 76 (including a card reader) wherein the value of the incentive credits is contingent upon the value of a current transaction (credits are computed in function of the current transaction amount) and wherein the customer's incentive credits are stored on the memory of the portable or handheld device 74 where they can be retrieved during a redemption process. At any given time subsequent to storing the incentive credits on the customer's handheld device, the customer can take the said device 74 to the same retailer or another participating retailer or provider to redeem at least a portion of the incentive credits during a second transaction or a redemption process wherein the stored incentive credits are transmitted from the customer's handheld device 74 to the retailer's POS system or base

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device 72 (during a synchronization process). In addition, during the redemption process or second transaction (synchronization process), the retailer's POS system or base device 72 transfers newly earned incentive credits to the customer's handheld device 74 permanent memory, based on the value of the second transaction and some other criteria, where they are being added to the existing credit balance (receiving at a client-user device 74 award transaction data or award credits during a transaction from a first base device 72 linked to client-user device or customer device 74 and provider device 76 to form a network or system 70 and wherein the system or network 70 is connected in real-time via a communication link 112 to a record-keeping facility or central authority or the outside world over a communications network or the Internet-fig.3; col. 10: 65 to col. 12: 10; col. 13: 4-22; col. 14: 1-12; col. 15: 28-53).

(See abstract; col. 2: 18 to col. 3: 21; col. 6: 49 to col. 7: 64; figs. 1-3).

At the conclusion of the redemption process or a transaction, the incentive credit total is updated by adding newly earned incentive credits to the existing remaining total. Thereafter, information regarding the transaction that just takes place is stored in the memory of the customer's device 74, in the memory of the provider's 76 and in the memory 102 (local award history database) of the retailer's POS system or base device 72. In the customer's device 74 memory, information such as the transaction amount, the incentive credits earned, the amount of redeemed incentive credits, if any, the name of the provider 76, the product or service purchased is recorded to maintain a journal of all transactions made using this device.

Similar information is stored in the memory of the provider 76. In the memory 102 (local award history database) of the base device 72 of fig. 3 or POS system, complete information

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regarding the transaction, including the identification of the customer and the provider, the transaction amount, the incentive credits earned and redeemed, the good or service purchased and the customer's demographics are recorded thereon (the member's data including points or credits are stored in a database for later retrieval during a transaction at a participating merchant having at least one card reader to read the member's card containing the data including identification information). Since the whole process is being conducted off-line, without involving any common authority, the retailer's POS system or the base device 72 will transmit over the communications network the data, including the award information or award credits earned or redeemed, stored in its database 102 (local award history database) to a central repository or data warehouse (global award history database) coupled to a computer system or server related to a record-keeping facility or common authority where the data are maintained and utilized for coordinating allocation and redemption of incentive credits among the various providers involved and to further target customers of devices 74, to prevent unauthorized use of the devices 74 and/or to authorize a higher incentive credit allocation and/or redemption level (higher level of authentication) during a transaction or redemption process whereas the POS system or base device 72, providing or handling a low level authentication transaction, cannot process an incentive allocation or redemption process that exceeds a certain preset threshold value **(Transaction data including, award information or award credits earned or redeemed. during a transaction between client-user device 74 and base device 72 are stored in a local history database 102 coupled to a processor or local server 100 of the network or system 70 (LAN) of fig. 3 and wherein the content of the local history database 102 is subsequently transmitted over a communication network (WAN or**

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**the Internet) to a global history database coupled to a server for further analysis and wherein the global history database contains information on credits redemption and allocation limits associated with the user of the client-user device 74 and used during a transaction at the retailer's POS or base device 72 to determine for example whether or not the number of award credits that the user wants to redeem is within a preset redemption limit and wherein the user's transaction history is retrieved during a transaction at the POS when the client device 74 (card) communicates with the common authority associated with the global history database to determine if the user's current transaction fits the user's transaction pattern to thereby, prevent fraudulent use of the client-user device 74-** col. 13: 4-19; col. 15: 7-53).

(See col. 6: 32 to col. 7: 64; col. 8: 66 to col. 9: 35).

Additionally, in another embodiment, Biorge discloses a process of authenticating or validating a customer's device 74 or card (containing the customer or member's data including identification information) and the customer himself during a verification process that takes place at the POS system (merchant's location) without input from a common authority, based in part on data stored in base device memory 102 related to network or system 70. This routine verification occurs during a transaction with or without a redemption process. This routine verification is a twofold process. First of all, the customer's device 74 is checked to determine if it is a proper device for use in the incentive program by having the device 74 exchanged encrypted signals (identification data) with the base device 72 (merchant's system). **Second of all, a customer's verification is performed by having him enter a preset user code and comparing the entered user code to a reference user code stored in the memory of the**



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**device 74.** Only if both the device 74 and the customer are valid will a transaction with or without a redemption process be allowed. In fact, to redeem incentive credits or to earn incentive credits during a transaction at a participating provider, the customer or the bearer of the device 74 must go through the routine verification as disclosed above (low level verification or low level authentication). Following this routine authentication or low level authentication process, the customer of the validated device 74 is allowed by the device 72 **to redeem at least a portion of previously earned incentive credits**, provided that this portion does not exceed a preset threshold, during a current transaction at a participating provider in accordance with predefined rules or criteria maintained in the global history database of the common authority available online over the communication network (col. 4: 62 to col. 5: 33; col. 10: 65 to col. 11: 20; col. 7: 4-64; col. 12: 38 to col. 13: 3).

Moreover, in response to a request from the device 72 to specify how many incentive credits the customer wishes to redeem, the customer enters via keyboard 110 the number of previously earned incentives he wishes to use or redeem and the specified number is sent to base device 72 (POS system) processor 110, which determines based on information in memory of the base device 72 (local award history database), related to local network 70, if this number exceeds authorized limits. In the affirmative, base processor 100 of the base device 72 enters into an online interaction or communication with a remote common authority (record-keeping facility), having stored in a global history database the customer's transaction data and preset credit redemption and/or credit allocation limits, to obtain further authorization to redeem the exceeded value (a high level of authentication required here because the customer's request has exceeded a preset value as determined by base device 72

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processor 100 using data stored in its database). Nevertheless, if the specified number is within a predefined range, then the base processor 100 proceeds with the redemption process based on some criteria since the routine validation (low level authentication) performed at the beginning of the transaction is sufficient for this kind of transaction (only a low level authentication is required here). During a typical transaction at a provider, processor 100 checks database 102 for more incentive codes for the current transaction and processes them along with other parameters to compute the amount of incentive credits that the customer earns during the transaction. If this value or amount falls within a predetermined range, as determined by processor 100, this amount is added to the memory of the customer's device 74 since only the routine verification (low level authentication) performed at the beginning is required for this transaction. However, if the amount exceeds a preset limit, then the base processor requires further authorization or authentication and enters into an online interaction with a common remote authority to obtain such authorization (high level authentication is needed because of the amount of incentive credits earned during the transaction) (Figs. 4b-4c; cot. 13: 4 to cot. 14: 22; cot. 15: 15 to cot. 16: 7).

In addition, even if during a regular transaction in which the routine validation process (low level authentication) is sufficient to conduct the transaction involving incentive credits allocation and/or redemption, the base processor 100 of the base device 72 may request further authorization (high level authentication) from a remote common authority on how to proceed when a customer's transaction seems to depart from the customer's transaction pattern, thereby preventing unauthorized users from using devices 74, which may have been lost. It is further to be understood that, following the routine validation or verification of the client-user device 74

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and the user himself, the user may decide to redeem an exceeded number of credits that require further authority (authentication) from the online common authority, coupled to the global history database storing preset credit redemption limit or credit allocation limit and transaction history including credits redeemed and earned related to the user. Finally, during a transaction involving the client-user device 74 and base device or POS 72, subsequent to conducting the routine authentication or verification (low level authentication), the client-user device 74 communicates with the online common authority, over a communication network, which compares the user's transaction pattern stored in the global history database to the current transaction to thereby prevent fraudulent use of the device 74 before base device 72 is allowed to process the user's transaction or redemption (high level authentication) (Col. 11: 21 to cot. 12: 10; cot. 15: 3 to cot. 16: 7). See figs. 1-9.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-14, 15, 29, 38 and 44-46 are rejected under 35 U.S.C. 102(e) as being anticipated by Palmer, US Patent 6,505,773B1.

As per claims 1-14, 15, 29, 38 and 44-46, US Patent 6,505,773B1 to Palmer discloses an online coupon issuing and redeeming system. The issuing system, including an issuing station or server located at the manufacturer's or clearinghouse site, generates customized advertisements and electronic coupons. The issuing system further comprises a consumer's computer, located at a consumer's site and coupled to a smart card reader/writer used to receive a smart card input from the consumer. Coupons are selected and downloaded from the issuing station or server over the Internet to the consumer's PC, which transfers the electronic coupons via the smart card reader/writer to the smart card inserted therein. In fact, when a consumer requests via his PC coupons from the issuing station or server over a communication network or the Internet, in response the issuing station transmits related targeted advertisements along with the coupons it generates to the consumer's PC. Furthermore, a program or management module provided by the issuing station runs on the consumer's PC to thereby making sure that the consumer absorbs or reads the entire advertisement before transferring the coupons to the smart card via the smart card reader/writer linked to the consumer's PC. The consumer can then take the smart card having the coupon data encoded thereon to a participating retailer's POS, which is equipped with the traditional software and hardware in addition to a smart card reader/writer interface capable of reading the consumer's smart card. At the retailer's POS, the customer or consumer or the clerk or cashier inserts the smart card into the smart card reader/writer, which reads the coupon data stored therein and if one or more matches are found between one or more product UPC codes in the smart card and one or more purchased items in the customer's order, then a price reduction is applied to the customer's order and the smart card (microchip-based device) memory

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is updated accordingly to reflect this redemption (or by deleting expired coupons maintained therein) (fig. 6). The redemption process is secured because of tamper-protected access to the coupons stored in the smart card memory. Palmer also discloses receiving the user's profile data from the user's smart card and using the profile data to transmit a customized coupon to the user (See abstract; col. 1: 11-17; col. 1: 50 to col. 2: 57; figs. 1-9; col. 3: 31-40; col. 3: 53-67; col. 4: 9-13; col. 4: 14 to col. 5: 26; col. 6: 21-32; col. 6: 33-46; see claims 3-9 of the present reference).

### **Conclusion**

Although the following references were not used in the Office Action, they were highly considered by the Examiner. Applicants are further directed to consult these references.

US Patent 6, 142, 371A to Omeda discloses a customer service system having a point value and discount rate.

US Patent 5, 537, 314 to Kanter discloses referral recognition system having a point and discount conversion tables.

US Patent 6,003, 013 to Boushy discloses a casino incentive reward program for providing reward points to a player utilizing casino game machines via a network.

**Any inquiry concerning this communication from the Examiner should be directed to Jean D. Janvier, whose telephone number is (571) 272-6719. The**

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**aforementioned can normally be reached Monday-Thursday from 10:00AM to 6:00 PM EST. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's Supervisor, Mr. Eric W. Stamber, can be reached at (571) 272- 6724.**

Non-Official- 571-273-6719.

Official Draft : 571-273-8300

12/20/05

**JDJ**

**Jean D. Janvier**

**Patent Examiner**

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**JEAN D. JANVIER  
PRIMARY EXAMINER**  
